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POLITICS AND POLICY

Drug Industry Ads Represent Big Donations for Republicans

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WASHINGTON -- Television viewers in Cedar Rapids, Iowa, this month could hardly escape the message: "Thank Congressman Nussle for fighting to add prescription drugs to Medicare." The upbeat ad, featuring tender scenes of grandparents, ran more than 100 times just in June's first 10 days.

That makes the continuing advertising campaign something of a prescription itself for Rep. Jim Nussle as he fights for a seventh term. The Republican is getting a heavy dose of hoped-for political inoculation, at someone else's expense, against Democrats' charges that the GOP is blocking a long-promised Medicare drug benefit for senior citizens.

Whom does Mr. Nussle have to thank? The well-heeled pharmaceuticals lobby is largely bankrolling the commercials and the conservative United Seniors Association is listed as sponsor. Near-identical versions of the political ad are running in more than a dozen other Republicans' districts.

Political Advantage

Hardly a person in Washington thinks Congress and President Bush will agree on a prescription-drug benefit this year, given the parties' ideological divisions: Democrats want to add such a benefit to Medicare; Republicans want to encourage market-based options. Meanwhile, Democrats see political advantage in the impasse, since most voters tell pollsters they trust Democrats on the drug issue more.

Nervous Republicans have gone on the offensive, with their industry ally's help. The drug lobby mostly is financing the massive \$4.6 million "issue ad" campaign in 18 competitive congressional districts, 16 of them Republican-held, providing yet another example of big-dollar donations flowing into politics beyond the reach of campaign-finance laws.

Hoping for Upsets

Ads are running in the districts of GOP Reps. Richard Pombo of California and Ernest Istook of Oklahoma, where Democrats are hoping for upsets. Two conservative Democrats, Reps. Collin

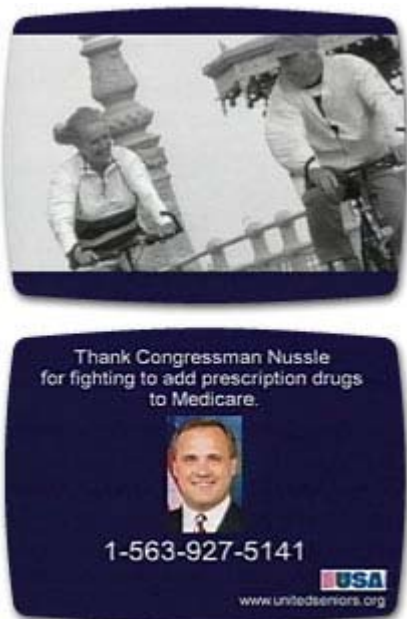
SEEKING BENEFITS

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Peterson of Minnesota and Ralph Hall of Texas, are named in ads in their districts, praising their support of drug-benefit legislation; both backed GOP drug proposals in the past.

Shot in the Arm for GOP

Ads such as the one below are part of a \$4.6 million campaign financed by the drug industry and sponsored by a conservative senior citizens group. Some of the ads run in districts of Republicans facing hot election races, citing their support for helping the elderly pay for prescription drugs.



The ad features feel-good shots of grandparents enjoying grandchildren and life, and closes with a shot urging viewers to thank the Republican congressional incumbent.

Leaders of both parties in the House have drafted rival drug-benefit bills in recent weeks, and the House GOP formally introduces its proposal Monday. The plan has an estimated price tag of \$350 billion over 10 years, about half the Democratic proposal's projected cost. But even if the House does pass a bill, the legislation has little chance of approval in the narrowly divided Senate.

In any case, drug-industry executives prefer the Republicans' market-oriented approach, in part because they think it would be less likely to lead to government limits on drug prices.

Apart from the pro-GOP bias in the "issue ads" that the pharmaceuticals companies are underwriting, the drug lobby also favors the Republican Party with campaign contributions. So far this year, about three-quarters of the industry's \$12 million of donations has gone to GOP candidates, according to the Center for Responsive Politics, the nonpartisan organization that tracks campaign contributions. For Wednesday night's gala GOP dinner to raise \$25 million for House and Senate candidates, the point man for raising corporate contributions is J.P. Garnier, chief executive of pharmaceuticals maker **GlaxoSmithKline PLC**.

Reminding Voters

Democrats seek to turn the GOP's advantage against it, reminding voters at every opportunity of the close relationship between the unpopular drug companies and

Republicans. In introducing the Democrats' drug-benefit plan last week, House Minority Leader Richard Gephardt denounced the GOP proposal as "an industry plan bought and paid for with contributions from the biggest pharmaceutical companies in America."

Despite such talk, Republican strategists believe the GOP-led House's passage of a drug bill will inoculate their candidates. "The fact that the House will have passed a prescription-drug bill will take away the Democrats' ammunition, and will make Senate Democrats look worse for failing to pass it," predicts Carl Forti, a spokesman for House Republicans' campaign committee.

Democrats also benefit from so-called issue ads, especially from their own special-interest allies among environmentalists, abortion-rights advocates and organized labor. But the \$4.6 million for six weeks of drug-related ads in targeted congressional districts is the biggest air-war so far this election year. By comparison, abortion-rights groups have spent \$3.7 million on ads in seven states since the beginning of the year.

Ads Would Be Banned

Under the campaign-finance overhaul that just became law, such ads from these supposedly independent groups would be banned within 60 days of an election when they broadcast the name of the political candidate. But that law doesn't take effect until after this year's elections Nov. 5, so nothing limits this sort of advertising.

Almost every frame of the 30-second drug-benefit ad lists its sponsor, the United Seniors Association. What isn't divulged is that the Republican-leaning organization received a "large unrestricted grant" from the Pharmaceutical Researchers and Manufacturers of America -- or PhRMA, pronounced "Farma" -- the industry's trade and lobbying group.

Viewers also wouldn't know that the ad-agency executive who produced the campaign is Tim Ryan, PhRMA's past marketing director. In the 2000 election season, Mr. Ryan founded the grass-roots-sounding Citizens for Better Medicare at the behest and expense of major drug companies. Citizens for Better Medicare spent \$50 million on TV ads in 26 congressional districts, introducing the nation to a perky senior, "Flo," who intoned, "Keep the government out of my medicine cabinet." All but four of the industry-supported candidates won.

Investment Paid Off

Drug-industry officials believe the 2000 investment in Citizens for Better Medicare paid off in a year in which Democratic candidates, including presidential nominee Al Gore, vilified the industry for its drug prices. In addition, drug companies also had sent \$10 million to the U.S. Chamber of Commerce for drug-policy ads, and spent \$27 million on individual campaign contributions -- 70% to Republicans.

United Seniors' Chairman Charles Jarvis says his group backs the Republican drug proposal because its 1.5 million members believe the GOP's market-oriented plan holds the best approach for seniors. Neither Mr. Jarvis nor PhRMA spokesman Jeff Trewhitt will say how much of the multimillion-dollar ad campaign was paid for with drug-industry donations. PhRMA's Mr. Trewhitt simply acknowledges that his group gave United Seniors "an unrestricted educational grant," and consults frequently with Mr. Jarvis. Both insist the seniors group decides what to do with the money.

Stressing Domestic Issues

The need for Republicans to address the drug issue was brought home to Capitol Hill last month by party consultants from the firm Public Opinion Strategies. The company's presentation showed Mr. Bush riding high in polls for his response to the Sept. 11 attacks. But the polling reports showed strong advantages for Democrats on domestic issues, including health care and prescription drugs, and concluded, "Voters are more likely to agree with Democrats' assertion to focus on problems here at home."

A slide shown to party members during the pollster's briefing suggested a solution: "Republicans passing a prescription-drug benefit would go a long way to leaving Democrats with very little on the table to try and use against us."

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